



Transport Workers Union of America

# Overview of Early Out, Next Actions, & FAQs

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## Important Facts



- Eligibility for the Early Out Incentive Plan – age 45 and 15 yrs CS
- Window to enroll closes September 25<sup>th</sup> at midnight
- AA has affirmed the plan; so, it stays with AA and the plan will be frozen at the date of signing. Until then, you ARE accruing Credited Service (CS).
- Because AA filed for bankruptcy “business as usual”, AA benefits are generally the same as if AA had not filed until date of signing.

## TWU Retirement & Financial Counseling Program



- **Local 514 pays us to help you. *Your union dues pay for this service.***

### Can I take the Early Out Incentive and draw OK unemployment?

- **Yes. According to TWU's legal counsel, you are entitled to draw unemployment benefits if you take the EO package.**

### Can I draw OK unemployment benefits and my pension at the same time?

- **Yes, but OK Unemployment Commission considers pension income wages and will deduct those wages from the unemployment benefits.**



## Q: How do we help you?

A:

- We help you make financial choices regarding your AA benefits
- Help you understand your pension estimate and select the plan that addresses your particular situation
- Understand your Retiree Medical and Health Insurance Options:
  - pre-Medicare Age,
  - at Medicare Eligibility Age,
  - Spousal benefits, and
  - Dependent Benefits and options
- Understand Social Security benefits and taxation

## Q: How do we help you?



- Understand the effects of inflation on your pension and SS
- Minimize and Estimate taxes on the Early Out Plan and Pension
- Address 401(k) Plan issues: loans, 60 freeze, avoid the 10% penalty if younger than 59 ½, allocation, income
- Life Insurance Benefit options
- Assist in resolving AA benefit issues
- Assist Surviving Spouse and Dependents

## Q. When can I begin my pension?



**You can commence your pension at age:**

- 55, if 15 years of Credited Service**
- 60, if 10 years of Credited Service**
- 60, if less at least than 10 years but less than 15 years of Credited Service**
- 65, if less than 10 years of Credited Service**

## Early Out – Age 45 to 49



- Not eligible for AA retirement benefits i.e. Retiree Medical
- Your status is Resignation without Pension

## Early Out – Age 50 to 55 (known as the 50/55 Rule)



- You are eligible for AA retirement benefits i.e. Retiree Medical
- Your status is Resignation without Pension



## Early Out – Age 55+



- Eligible for AA retirement benefits at age 55
- Your status is Resignation

## Immediate Next Actions



- Request your Retirement Packet ASAP
- Call HR at 1-800-477-2000 then #1, then #3 or go on JetNet
- You will need two dates to request your packet:

Last Day Worked (LDW): 09/30/2012

Pension Start Date (PSD): 10/01/2012

*\*The packet is good for 180 days and your actual LDW and PSD can be written on the form and it will be adjusted to reflect your actual pension benefit.*

## Issues Common to all accepting the Early Out Option



- Four actions are required to process the EO and Pension
  1. Go to JetNet to sign up for Early Out Plan
  2. Call HR and request your Retirement Packet
  3. Complete your packet (we are here for you and will help you)
  4. Request your Payroll Transaction Record for both the EO & Retirement

## Issues Common to all accepting the Early Out Option



- a. We will assist you in selecting your pension option and completing your retirement packet (this is very individualized),
- b. Assist you is choosing a Health Insurance Plan
- c. If divorced, bring a copy of your divorce decree
- d. Due to the *“possibility”* of receiving the company match on on the Prefunding, do NOT request your prefunding money until the local advises you
- e. Cash flow: 2 weeks after LDW you will receive
  - Last paycheck which will include EO
  - Unused & Accrued Vacation and sick days

## Issues Common to all accepting the Early Out Option



### - Other items (cont.):

- f. Prefunding money will be paid 120 days from 'date of signing'
- g. First pension check will take approximately 60 days to process and IS retroactive to the first of the month following your last day worked.

*Example: If LDW is 12/31/2012, then PSD is 01/01/2013*

*You would receive your January 1 pension check on March 1.*

*In addition, you would receive February and March checks.*



## FREQUENTLY ASKED QUESTIONS

**Q: The Pension Plan is underfunded approximately 20%. Will my pension be reduced by and I will receive only 80% of my benefit?**

**A: No. Generally, for all TWU Members, active or retired, you will have no reduction in your pension benefit.**

**Q: If an employee dies will the spouse still receive a pension benefit?**

**A: Yes, if a survivorship option (50, 66 2/3, 75, 100%) was elected.**



## FREQUENTLY ASKED QUESTIONS

**Q: When will the Retiree Medical go away?**

**A: To be determined.**

**Q: What happens to the money I've paid in to it?**

**A: Your premiums are returned to plus/minus the earnings.  
If you are retired more than 10 years, you will not have a balance in your account to refund back to you.**



## FREQUENTLY ASKED QUESTIONS

**Q: What happens to my travel benefits?**

**A:**

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## FREQUENTLY ASKED QUESTIONS

### Q: How do I read my Pension Estimate?

#### AA Pension Estimate

Benefit Option	Monthly Income to...		
	Employee	Spouse	Dependent
Single Life Only	\$2,000	\$0	\$0
Joint & 50%	\$1,700	\$ 850	\$0
Joint & 100%	\$1,375	\$1,375	\$0
Single Life Only	\$2,000	<b>\$0</b>	+ - \$175,000
Life Insurance	\$275/m	\$175,000	
Period Certain 15 yrs.	\$1,725	\$0	\$1,725 Balance of Term



## CONTACT INFORMATION

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**WE ARE HERE FOR YOU!  
God's Blessings on You.**